

EXHIBIT E

In the Matter Of:

*In re Signet
Jewelers*

*Allen Ferrell
May 14, 2019*



Min-U-Script® with Word Index

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UNITED STATES DISTRICT COURT

3

SOUTHERN DISTRICT OF NEW YORK

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IN RE:

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SIGNET JEWELERS LIMITED

Case No.

7

SECURITIES LITIGATION

1:16-CV-06728-JMF

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VIDEOTAPED DEPOSITION OF ALLEN FERRELL

15

16

May 14, 2019

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9:00 a.m.

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Reported by:

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Joan Ferrara

25

Job No. 2019-70919

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May 14, 2019

9:00 a.m.

New York, New York

Videotaped Deposition of ALLEN
FERRELL, held at the offices of Weil
Gotshal & Manges, LLP, 767 Fifth Avenue,
New York, New York, Pursuant to Notice,
before Joan Ferrara, a Registered Merit
Reporter, Certified Realtime Reporter and
Notary Public of the State of New York.

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A P P E A R A N C E S:

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ALSO PRESENT:

Juan Torres, Videographer

Allen Ferrell - May 14, 2019

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3 IT IS HEREBY STIPULATED AND
4 AGREED, by and between the attorneys
5 for the respective parties herein,
6 that filing and sealing of the
7 transcript be waived, and the same are
8 hereby waived.

9 IT IS FURTHER STIPULATED AND
10 AGREED that all objections, except as
11 to the form of the question, shall be
12 reserved to the time of the trial.

13 IT IS FURTHER STIPULATED AND
14 AGREED that the within deposition may
15 be sworn to and signed before any
16 officer authorized to administer an
17 oath, with the same force and effect
18 as if signed and sworn to before the
19 Court.
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Allen Ferrell - May 14, 2019

14

1 A. Ferrell
2 environment and looking at that in
3 conjunction with whether it's statistically
4 significant residuals.

5 I would also reference Part A of
6 my report, that begins on page 12, that
7 talks about the efficiency market
8 hypothesis and when would information be
9 impounded, just to sort of summarize
10 different components of my report.

11 Q. So it's fair to say that in
12 determining that the substance of the
13 allegations in the Jock declarations and
14 the risks that disclosure of declarations
15 pose to the company were already known to
16 the market, you read disclosures that
17 occurred prior to the Washington Post
18 article and compared those disclosures to
19 the information contained in the Washington
20 Post article.

21 Is that fair to say?

22 A. Well, I certainly read all those
23 materials, that's certainly fair to say.

24 But I would also add, besides
25 just referencing generally my report, that

Allen Ferrell - May 14, 2019

15

1 A. Ferrell

2 it's very important in this type of price
3 impact analysis to keep in mind the but-for
4 disclosure as identified by the plaintiffs
5 in the Complaint.

6 Q. Right, and we will discuss that.

7 But you would agree with me that
8 beyond reading the preexisting disclosures
9 and then comparing the substance in those
10 disclosures to the Washington Post article,
11 you didn't conduct any other analysis to
12 determine whether the information was
13 already known to the market?

14 A. Well, I also looked at the event
15 study analysis in the context of the
16 efficient market hypothesis. So I would
17 view those as all intricately interlinked.

18 Q. Okay.

19 A. But it is certainly correct, I am
20 not trying to argue the point, that I
21 certainly read disclosures that occurred.
22 That's certainly a necessary component.

23 Q. Right.

24 And you would agree with me that
25 you don't need any training as an economist

Allen Ferrell - May 14, 2019

16

1 A. Ferrell

2 to read the materials that you relied on in
3 your report for the proposition that the
4 information in the Washington Post article
5 was previously known to the market?

6 A. I don't -- I want to back up for
7 a second.

8 I don't agree with the framing,
9 that is the information in the Washington
10 Post article was already known -- that's
11 not how I framed it in the report.

12 The way I frame it in the report
13 is the information identified in the
14 Complaint as the but-for disclosure was
15 disclosed earlier than the Washington Post
16 article.

17 I was not -- I do not frame it as
18 all the information in the Washington Post
19 article was contained in those earlier
20 disclosures. So I just want to make that
21 clear for the record.

22 Q. Okay.

23 So we would agree then that the
24 Washington Post article, in fact, disclosed
25 some new information that was not

Allen Ferrell - May 14, 2019

17

1 A. Ferrell
2 previously known to the market, correct?

3 A. It did provide a couple of
4 additional examples. I don't -- don't hold
5 me to the number, but maybe three or four,
6 as well as some interviews. So there's a
7 handful of some additional examples that
8 was contained in the Washington Post. I
9 believe that's accurate.

10 Q. If one wanted to determine
11 whether the information in this but-for
12 disclosure that you reference was known to
13 the market prior to the time of the
14 corrective disclosure alleged in this case,
15 would one simply go back and look at the
16 prior public disclosures that you reference
17 in your report?

18 A. Well, one would want to look at
19 the disclosures that speak to, if there are
20 any, to the but-for disclosure that is
21 claimed to have been omitted or
22 misrepresented.

23 So you certainly -- it is
24 certainly the case, I am not arguing this
25 point, that you would want to read, you

Allen Ferrell - May 14, 2019

18

1 A. Ferrell
2 would want to know the informational
3 environment. Otherwise, I don't see how
4 you would do a price impact analysis.

5 Q. And to read those disclosures and
6 to understand what they say, one doesn't
7 need any specialized training as an
8 economist to do that, right?

9 A. I agree with that.

10 Q. Okay.

11 A. I think the documents speak for
12 themselves.

13 Q. In reaching the conclusion in
14 paragraph 26 that the substance of the
15 allegations in the Jock declarations and
16 the risk that disclosure of the
17 declarations pose to the company was
18 already known to the market, did you read
19 the declarations themselves?

20 A. Even though it's not on my
21 Documents Relied Upon list, I did skim the
22 declarations just for context. The ones
23 that I believe that were posted Sunday
24 night. So I did very briefly skim them.

25 Q. Okay.

Allen Ferrell - May 14, 2019

19

1 A. Ferrell

2 But you didn't conduct any
3 detailed analysis of their contents?

4 A. Beyond what I just said, no.

5 Q. Is it -- why did you -- strike
6 that.

7 Why did you only briefly skim the
8 declarations?

9 A. Well, I just wanted the context.
10 I think as I tried to emphasize, for price
11 impact analysis as an economist you have to
12 assume the theory of liability. You have
13 to assume that whatever it is being
14 identified is the but-for disclosure, the
15 disclosure that the plaintiffs claim could
16 and should have been made earlier, and you
17 have to accept that as the disclosure that
18 should have happened earlier.

19 So that's really the linchpin,
20 not my own personal views as to what should
21 have been disclosed or whether it be based
22 on the declarations or something else.

23 Q. Can we look briefly at paragraph
24 27, please?

25 A. Yes. Just give me a second to

Allen Ferrell - May 14, 2019

20

1 A. Ferrell

2 read it.

3 Q. Sure.

4 A. I've read it.

5 Q. Okay.

6 You opine in paragraph 27 that
7 the stock price drop is consistent with the
8 bad publicity the front page article
9 generated for Signet with the intended
10 impact on Signet's customers and Signet's
11 future financial performance, correct?

12 A. Yes.

13 Q. Are you opining that 100 percent
14 of the stock price decline on February 28,
15 2017 was caused by this bad publicity
16 effect that you reference?

17 A. No. I'm -- just to be clear and
18 have a complete answer, I'm offering in
19 paragraph 27 some observations about the
20 stock price drop on that date, but I'm not
21 doing a full analysis of what's causing it
22 or what portion is caused by what. So the
23 answer to your question is no.

24 Q. Okay.

25 And so as your last answer

Allen Ferrell - May 14, 2019

21

1 A. Ferrell

2 indicates, you have not conducted a
3 scientific analysis to determine that 100
4 percent of the stock price decline on
5 February 28, 2017 was caused by bad
6 publicity, correct?

7 A. Yes.

8 Q. And in paragraph 27, you mention
9 impacts on Signet's customers, Signet's
10 future financial performance and also harm
11 to Signet's brand, correct?

12 A. I do.

13 Q. Okay.

14 And I take it that you haven't
15 conducted any scientific analysis to
16 quantify the extent to which the bad
17 publicity impacted Signet's customers,
18 correct?

19 A. Yes.

20 Q. And I take it that you haven't
21 conducted a scientific analysis to quantify
22 the extent to which the bad publicity
23 impacted Signet's future financial
24 performance, correct?

25 A. Yes.

Allen Ferrell - May 14, 2019

22

1 A. Ferrell

2 Q. And finally, I take it that you
3 have not conducted any scientific analysis
4 to quantify the extent to which the bad
5 publicity harmed Signet's brand, correct?

6 A. Yes.

7 Q. Okay.

8 A. When I say yes, I mean, I'm
9 agreeing with the proposition in your
10 question.

11 Q. Right.

12 Okay. Let's step back for a
13 minute.

14 When you use the term "bad
15 publicity," what do you mean?

16 A. So what I mean in this paragraph
17 is publicity that affects customers or
18 potential customers' willingness to buy or
19 the amount that they're willing to buy
20 at -- from Signet. So it's the impact that
21 this bad publicity has on its customer base
22 or its potential customer base, which could
23 then affect its financial performance. And
24 that's obviously, it's also reflected in my
25 reference to Signet's brand.

Allen Ferrell - May 14, 2019

23

1 A. Ferrell

2 Q. And again, you haven't conducted
3 a scientific analysis to quantify those
4 impacts, correct?

5 A. I agree with that.

6 Q. And you haven't conducted a
7 scientific analysis that quantifies how any
8 such impacts would translate into the stock
9 price decline on February 28, 2017,
10 correct?

11 A. That's correct, beyond what I say
12 in paragraph 27, which it's consistent
13 with, but I agree with those statements.

14 Q. Isn't it possible for there to be
15 bad publicity about newly disclosed
16 information?

17 A. Yes, it's possible.

18 Q. So the two concepts of bad
19 publicity and the disclosure of new
20 negative information are not mutually
21 exclusive, correct?

22 A. I agree with that.

23 Q. In fact --

24 A. Sorry, I don't mean to interrupt,
25 but yes, it's a priori truth, I agree.

Allen Ferrell - May 14, 2019

33

1 A. Ferrell

2 the facts and circumstances. It's
3 obviously a brief on behalf of a client.

4 Q. Let's look at paragraph 45.
5 That's the March 28, 2014 New York Times
6 article you referenced.

7 A. Just one quick -- I mean, I want
8 to make sure in my earlier answer, I was
9 not suggesting that people would believe
10 lawyers are acting unethically or lying or
11 making stuff up. Obviously, there's
12 professional obligations.

13 Q. There are professional
14 obligations, but lawyers are advocates,
15 correct?

16 A. That is true.

17 Q. And their briefs contain
18 advocacy?

19 A. Yes.

20 Q. So why don't you take a look at
21 paragraph 45 and let me know when you're
22 ready to discuss it.

23 A. Okay.

24 Q. Okay.

25 Now, you agree that when this New

Allen Ferrell - May 14, 2019

34

1 A. Ferrell

2 York Times article was published there was
3 no statistically significant stock price
4 reaction, correct?

5 A. Correct.

6 Q. So if bad publicity is enough to
7 create a statistically significant stock
8 price reaction, why was there not a
9 statistically significant stock price
10 reaction when this New York Times article
11 was published?

12 A. I don't have an answer as to why
13 the Washington Post, that the stock price
14 action, the Washington Post article in the
15 time period that it was published created
16 bad publicity or is consistent with
17 creating bad publicity in a way that the
18 New York Times article did not.

19 So I could speculate about that,
20 but there is a price decline on the
21 Washington Post article that date. And as
22 we discussed, that did not occur with the
23 New York Times.

24 Q. And you have not conducted any
25 scientific analysis to explain why the

Allen Ferrell - May 14, 2019

35

1 A. Ferrell

2 stock price reaction occurred following the
3 Washington Post article, but not following
4 the publication of the 2014 New York Times
5 article?

6 A. Well, I mean, I would reference
7 our earlier discussion, which is I offer
8 some observations about the Washington Post
9 article, I offer some observations about
10 the stock price reaction on that date, but
11 I haven't done the quantification and the
12 issues that we discussed earlier.

13 (Ferrell Exhibit 2, New York
14 Times Magazine article dated April 23,
15 2019, marked for identification, as of
16 this date.)

17 BY MR. RIZIO-HAMILTON:

18 Q. Okay.

19 Let's just take a look at this
20 article which I've marked as Ferrell
21 Exhibit 2.

22 It's a reproduction of a cover
23 story from the New York Times Magazine
24 dated April 23, 2019.

25 You could take a moment to look

Allen Ferrell - May 14, 2019

36

1 A. Ferrell

2 at it and let me know when you're ready to
3 talk about it.

4 A. Obviously, I haven't sat here and
5 read this document, you know, just now --
6 but yeah, I guess I'm ready.

7 Q. My first question is, have you
8 ever seen this article before?

9 A. Yes.

10 Q. Okay.

11 A. Yes.

12 Q. And have you ever read it before
13 today?

14 A. Yes. I briefly read it.

15 Q. Okay.

16 A. I mean, I read it quickly, but
17 yes.

18 Q. It's published actually a few
19 days before you submitted your report.

20 A. Yes.

21 Q. Okay.

22 And so I would have kind of the
23 same questions for this piece, as I did
24 about the 2014 New York Times piece, which
25 is to say if bad publicity is enough to

Allen Ferrell - May 14, 2019

37

1 A. Ferrell
2 cause a statistically significant stock
3 price reaction, why wasn't there a
4 statistically significant market reaction
5 when this New York Times article was
6 published at the end of April 2019?

7 A. I don't know whether what you
8 just said is accurate or inaccurate. I
9 haven't looked at the event study results
10 or -- I briefly read this article, but
11 nothing more.

12 Q. Okay.
13 So for the purposes of the
14 questions about this article, assume that
15 there was no statistically significant
16 negative stock price reaction following the
17 publication of this article. Just assume.

18 Assuming that is true, if bad
19 publicity is enough to create a
20 statistically significant stock price
21 reaction, have you undertaken any analysis
22 to determine why there was not a
23 statistically significant stock price
24 reaction in response to this article?

25 A. So I have not analyzed this

Allen Ferrell - May 14, 2019

38

1 A. Ferrell
2 article besides just briefly reading it.
3 It's not really relevant to the price
4 impact inquiry which is focused on whether
5 the market knew the but-for disclosure
6 prior to the alleged corrective disclosure.

7 What I say in terms of making
8 some observations about publicity is it can
9 create a negative stock price reaction.
10 Obviously, it depends on the facts and
11 circumstances.

12 Q. Okay.

13 But it's fair to say that you
14 haven't analyzed the stock price impact of
15 this particular article in Ferrell Exhibit
16 2?

17 A. Correct.

18 Q. Could you look at Footnote 72 of
19 your report? It's set forth on page 23.

20 A. Yes.

21 Q. Are you opining in this into the
22 note that the February 28, 2017 Northcoast
23 Research report is confounding information
24 with respect to the stock price decline on
25 that date?

Allen Ferrell - May 14, 2019

39

1 A. Ferrell

2 A. No. I'm just -- I'm not
3 analyzing -- I'm making some observations
4 about that date, but I'm not doing anything
5 more than that.

6 Q. So you haven't conducted any
7 analysis of what portion, if any, of the
8 stock price decline on February 28, 2017 is
9 attributable to the Northcoast analyst
10 report, correct?

11 A. Correct.

12 MR. RIZIO-HAMILTON: Okay. Why
13 don't we take another quick break.

14 THE VIDEOGRAPHER: The time is
15 9:50. We're going off the record.

16 (Recess taken from 9:50 a.m. to
17 9:58 a.m.)

18 THE VIDEOGRAPHER: The time is
19 9:58. We are back on the record.

20 BY MR. RIZIO-HAMILTON:

21 Q. I just want to confirm something,
22 Dr. Ferrell.

23 You see the information cited in
24 paragraphs 44 --

25 A. One second. Okay.

Allen Ferrell - May 14, 2019

40

1 A. Ferrell

2 Q. The information cited in
3 paragraphs 44 through 47 of your report, do
4 you see that there?

5 A. I do.

6 Q. Okay.

7 Have you undertaken any analysis
8 to confirm whether all the information from
9 the declarations and the Washington Post
10 article was actually disclosed in the
11 sources you cite in paragraphs 44 to 47?

12 A. So I want to be clear about what
13 my analysis is and what I did, which is the
14 question is not whether the Washington Post
15 such as the additional examples were
16 disclosed earlier, but rather whether the
17 but-for disclosure identified in the
18 Complaint, such as paragraph 325, whether
19 that was disclosed earlier and whether
20 there was a statistically significant price
21 reaction associated with that given that
22 we're talking about the context of an
23 efficient market.

24 Q. But I take it that you have not
25 analyzed the issue of whether all the

Allen Ferrell - May 14, 2019

41

1 A. Ferrell
2 information in the declarations in the
3 Washington Post article was, in fact,
4 disclosed in the sources you cite in
5 paragraphs 44 to 47?

6 MR. ALLERHAND: Objection to the
7 form.

8 A. So all of the information in the
9 declarations -- I think it's accurate to
10 say that the declarations, as I understand
11 it, were only first made available Sunday
12 evening. Those declarations are being
13 summarized in the allegations and, for
14 example, in the class award. But my
15 understanding of the facts is that the
16 declarations were posted on that Sunday
17 night.

18 Q. Okay.

19 And so fair to say, by definition
20 then, that all the information in the
21 declarations could not have been disclosed
22 in the sources that you cite in paragraphs
23 44 to 47 of your report?

24 MR. ALLERHAND: Or the Washington
25 Post article.

Allen Ferrell - May 14, 2019

42

1 A. Ferrell

2 A. I agree, I agree with the -- I
3 agree that the declarations in their
4 entirety were made available Sunday
5 evening -- I forget the -- the Sunday
6 before the Washington Post article. That's
7 my understanding, with some redactions.

8 Q. Why don't we turn to paragraph 52
9 of your report -- I'm sorry, 51, 51.

10 A. Okay. So just give me a second.
11 Okay.

12 Q. The analysis that you perform in
13 paragraphs 51 with respect to Signet's true
14 or but-for value at the start of class
15 period, that analysis assumes constant
16 dollar inflation from the beginning of the
17 class period, correct?

18 A. Yes.

19 Q. And if inflation in this case
20 ultimately was not constant dollar, but
21 instead was ramped, that could result in a
22 true but-for value that was positive,
23 correct?

24 A. I think that's mathematically
25 true. When you say "ramped," meaning -- I

Allen Ferrell - May 14, 2019

43

1 A. Ferrell

2 take your reference to ramp meaning that
3 the sum of the residuals would be adjusted
4 downward such that it's lower than the
5 actual stock price as of the beginning of
6 the class period.

7 Q. That's correct.

8 A. That's my understanding. So yes,
9 by definition, that would be true.

10 Q. And the analysis that you set
11 forth in paragraph 51 with respect to
12 Signet's true or but for value at the start
13 of the class period also assumes that the
14 entire stock price decline on each and
15 every corrective disclosure day is
16 ultimately found to be recoverable as
17 damages in this case, is that right?

18 A. Yes. So I'm assuming the sum of
19 the residuals on those dates, that's
20 correct.

21 Q. Right.

22 A. Thereby illustrating the need for
23 adjustments to the model.

24 Q. And if there were some
25 disaggregation that were performed in this

Allen Ferrell - May 14, 2019

61

1 A. Ferrell

2 the alleged fraud, you're going to have to
3 control for those non-Signet effects.

4 And what I'm saying here in the
5 facts and circumstances of this case is I
6 know no reliable methodology to do it.

7 So that's the context in which
8 I'm discussing the event study in this
9 case.

10 Q. So is it your view then that if
11 this matter were to proceed to the damages
12 phase, the defendants would not be able to
13 offer a reliable expert opinion that
14 calculates damages per share?

15 A. Yes, I agree with that. Sitting
16 here today, I know, although I'll be happy
17 to look at Hartzmark's or anybody else's
18 work, but sitting here today, I know no
19 reliable methodology to capture the
20 non-Signet effects that are occurring on
21 these multiple earnings dates so the
22 residual doesn't reflect that.

23 Q. Okay.

24 Can we just flip back quickly to
25 paragraphs 44 through 47 in your report.

Allen Ferrell - May 14, 2019

62

1 A. Ferrell

2 A. Okay.

3 Q. I just want to be clear --

4 A. I'm sorry, can I just take a
5 quick look?

6 Q. Yeah, go ahead.

7 A. Okay.

8 Q. Okay.

9 So I just want to be clear that
10 you are not opining that all the
11 information set forth in the declarations
12 and the Washington Post article was
13 previously disclosed in the disclosures set
14 forth in paragraphs 44 to 47, correct?

15 MR. ALLERHAND: Objection to the
16 form. The Washington Post article
17 does not set forth all the detail in
18 the 200 plus declarations. Misstates
19 the record.

20 BY MR. RIZIO-HAMILTON:

21 Q. Mr. Allerhand apparently is now
22 serving as an expert. That's fantastic.

23 A. Could you reread the question?

24 Q. Sure.

25 I just want to be clear that you

Allen Ferrell - May 14, 2019

63

1 A. Ferrell

2 are not opining that all the information
3 set forth in the declarations and the
4 Washington Post article was previously
5 disclosed in the disclosures set forth in
6 paragraphs 44 to 47, correct?

7 MR. ALLERHAND: Objection to the
8 form of the hypothetical. Compound.

9 A. I agree that the declarations,
10 the entire declarations that were posted on
11 Sunday evening, that that entire set of
12 declarations was not disclosed earlier. So
13 I agree with that.

14 Again, I would emphasize the
15 critical point that the but-for disclosure
16 identified in the Complaint such as
17 paragraph 325 was fully disclosed in the
18 information reflected in paragraphs 44
19 through 47.

20 Q. Is it your testimony that the
21 disclosures in paragraphs 44 to 47 of your
22 report disclosed the fact that Signet had a
23 very serious sexual harassment problem at
24 the company?

25 MR. ALLERHAND: Objection to the

Allen Ferrell - May 14, 2019

69

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A. Ferrell

THE VIDEOGRAPHER: The time is
10:42. This ends the deposition.
(Time noted: 10:42 a.m.)

ALLEN FERRELL

Subscribed and sworn to before me
this ____ day of _____, 2019.

C E R T I F I C A T E

STATE OF NEW YORK)

: ss.

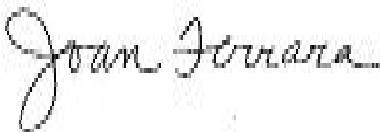
COUNTY OF NEW YORK)

I, Joan Ferrara, a Notary Public
within and for the State of New York,
do hereby certify:

That ALLEN FERRELL, the witness
whose deposition is hereinbefore set
forth, was duly sworn by me and that
such deposition is a true record of the
testimony given by the witness.

I further certify that I am not
related to any of the parties to this
action by blood or marriage, and that I
am in no way interested in the outcome
of this matter.

IN WITNESS WHEREOF, I have
hereunto set my hand this 14th day of
May, 2019.



Joan Ferrara